
CHAPTER 1

Background

Business Council has solidified its position as lead development agency

In recent decades, Wyoming has struggled to define a clear and comprehensive approach to developing the state's economy. Since the 1960s, the state has wrestled with concerns over the exporting of the state's youth population, the need to expand manufacturing, and generally providing good jobs that pay livable wages.

Wyoming Business Council began operating in 1998.

In the state's efforts to systematically address these challenges, the Wyoming Business Council (WBC) is the latest incarnation of Wyoming's lead economic development agency. It began operating in mid-1998, following passage of the Wyoming Economic Development Act (W.S. 9-12-101 through 804; see Appendix A for selected statutes) in the preceding legislative Session. Slightly different from earlier state-level economic development agencies, WBC has unique authorities that allow for greater discretion in the way it makes decisions and expends resources. Now with a seven-year track record, it appears the Council has moved past its initial growing pains and is achieving stability.

Unique aspects of Wyoming's economy create challenges for development efforts

Wyoming's economy is counter-cyclical to the nation and reliant on the minerals extraction industry.

Wyoming's economy has been characterized as being counter-cyclical to most of the rest of the nation. As a result, when viewing traditional economic indicators such as per capita income and unemployment, it has been difficult to determine the impact of national trends on the state's economy. Wyoming's position as the state with the smallest population and its unique reliance on the mineral extraction industry also make it difficult to detect what might be hindering or might be done to improve the economy. A knowledgeable stakeholder we interviewed reasons that as much as

75 percent of statewide economic growth, both direct and indirect, comes from the mineral extraction industry.

Wyoming's past efforts have been disparate and often-changing

Earlier efforts included the Link Deposit and Amendment IV loan programs.

Without a clear focus as to where to put resources to spur economic growth and diversify Wyoming's economic base, the Legislature has taken a number of different programmatic and organizational approaches. Efforts included creating the Link Deposit and Amendment IV Loan programs and the Economic Development and Stabilization Board in the mid-1980s, as well as two state agencies, first the Department of Economic Planning and Development in 1969, and later the Department of Commerce in 1990.

Some recommendations from a 1992 LSO report were incorporated into WBC.

In response to legislative concerns about some of the state's early development efforts, the Legislature requested a program evaluation on the topic in 1992. That report concluded that the state lacked planning, consensus on a development approach, and coordination of efforts and resources. It recommended that loan programs be modified to provide "gap" financing only, that the state should provide matching grants to municipalities, and that the state agency should enhance its research and data collection efforts. Several of these recommendations were later incorporated into the structure and purposes for WBC.

Legislature created an economic development steering committee

Steering Committee formed WBC's original "business plan."

Several years after the LSO program evaluation, a newly-elected Governor and legislators came to agreement that they wanted to have an immediate and comprehensive impact on economic development. In 1997 the Legislature created a Steering Committee to develop a strategy for long-term economic growth. This committee's report served as the "business plan" for a new lead entity for economic development, the WBC (see Appendix B for the executive summary of this report). The plan's premise was that the state was "not operating on a high enough professional level and financial scale to make a difference in the economy." This led to the recommendation that to be effective, a state-level organization would need to be "structured like a private

Some programs folded into the WBC: Divisions of Tourism and Economic Development (from Department of Commerce); Division of Marketing and Promotion (Department of Agriculture); the Economic Development and Stabilization Board; and the Wyoming Travel Commission.

company...with a board of directors, central office, regional divisions responsible for operations, professional performance standards and real world accountability.”

The Legislature adopted the steering committee’s business plan, and WBC began in July 1998. Following the committee’s recommendations, the Legislature included provisions in statute to make the WBC a “quasi-governmental” entity: it acts in the name of the state using state appropriations, but has some independent review and decision-making authority over its organization, programs, and budget. Duties and responsibilities of 25 programs from seven state agencies were folded into the new organization (see box at left).

WBC budget and programmatic responsibilities have greatly increased

WBC has two operational components, 64 staff and 6 core divisions.

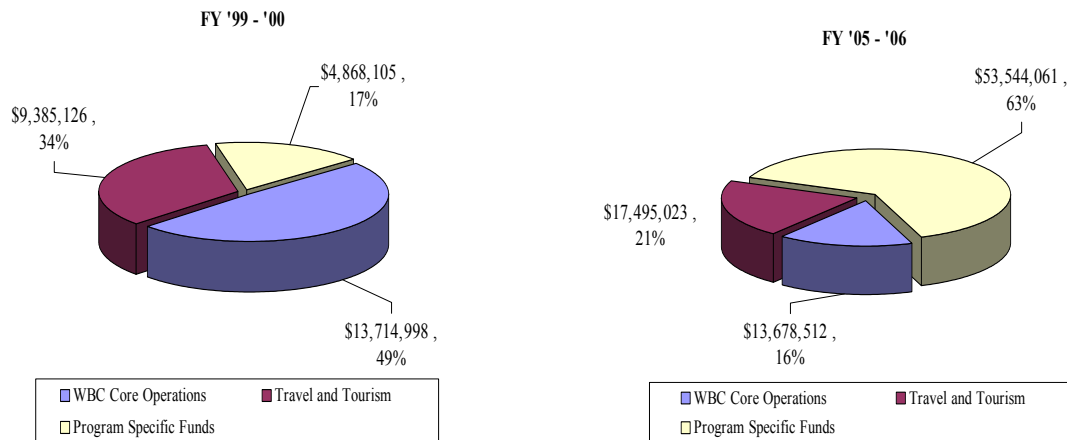
WBC has 64 staff organized into two main operational components: Travel and Tourism, and WBC core operations. The Travel and Tourism Division is fairly autonomous with 17 staff members, a director, and a governing board. The WBC Board of Directors, their designated CEO, and remaining 45 staff members run the day-to-day operations of the core administrative WBC activities. The WBC board has some oversight responsibilities for the Travel and Tourism Division with regard to large contracts above \$100,000. WBC’s current administrative divisions include: Agribusiness, Business and Industry, Investment Ready Communities, Support Services, Accounting and Compliance, and Field Operations (see Appendix C for current organizational chart).

Most WBC appropriations are now targeted or pass-through funds.

During the most recent two biennia, the Legislature has increased WBC’s funding and programmatic responsibilities. However, much of the increase is tied directly to targeted grant and loan programs or is pass-through funding, and thus is not discretionary money that the board can use for general purposes. Figure 1.1 shows the biennial appropriations for the two main operational components and other program-specific funding.

Figure 1.1

**WBC Budget
FY '99 – '00 and FY '05 – '06.**



Source: LSO analysis of WBC data.

Note: Program-specific funds include the various grant and loan programs as well as the appropriation for the Wyoming Business Technology Center for FY '05 – '06.

WBC's budget has increased 203% since its first biennium.

Since its inception, the Legislature has increased WBC's appropriations by 203 percent, from \$28 million for FY '99 – '00 to \$84.7 million for FY '05 – '06. However, as the Figure 1.1 indicates, more than 63 percent of current appropriations are for specific programs or pass-through funding designated by the Legislature; by contrast, in FY '99 – '00 this category accounted for 17 percent. Most increases have gone to the Investment Ready Communities Division of WBC which administers the Business Ready Communities (BRC), Community Facility Enhancements, and Community Development Block Grant (CDBG) programs.

WBC primarily partners with communities and businesses

WBC is a small, relatively new agency with a broad mission to help improve Wyoming's economy. Begun with expectations of growing and diversifying Wyoming's economy, WBC has determined the best way to achieve these goals is to mold its operations around being a central partnering, networking, and technical support agency. It also assists local governments (especially those in rural areas of the state) in assessing themselves and their development opportunities.

***WBC is the state's
"marketing arm."***

Generally speaking, aside from administering a number of infrastructure grant programs, WBC today is a service-oriented organization, partnering with local non-profit economic development organizations (one of the functions envisioned by the 1997 Steering Committee report). Its self-described function is that of being the state's "marketing arm" (see Appendix D for a summary list of programs and functions of WBC).

***WBC partners with
the University of
Wyoming for
business support
services.*****WBC operations center on coordination,
promotion, and support services**

WBC operates within a larger arena of businesses, development organizations, and government agencies. In order to fulfill its partnering focus, WBC works to engage these entities (different levels of government, local developers, private businesses, etc.) in working together on particular development projects. One function of the WBC is to help fund and coordinate with the University of Wyoming to operate various business start-up, retention, and expansion programs such as Small Business Innovation Research and Small Business Development Centers.

***WBC's regional,
financial, and human
resources staff
support local
development.***

To provide front-line assistance in communities, WBC has field staff in six regional offices: Riverton, Powell, Casper, Cheyenne, Rock Springs, and Gillette. Some of these offices are co-located with local economic development organizations and the partner programs of the University.

Complementing the regional staff's efforts, WBC's professional human resources and financial services staff located in Cheyenne consult with businesses on such issues as training and organizing financing deals. It promotes various industries and particular businesses at national and international trade shows, while also lining up private recruitment contacts for local economic development organizations to pursue.

WBC is to measure and report its performance regarding impact on the economy

WBC activities run the gamut from program implementation to partnership-building to direct service activities, and the Legislature has required WBC to measure its performance and impact on the state economy. The intention is to show some accountability for WBC's statewide economic development efforts.

Legislature prescribed performance benchmarks for WBC.

The Legislature prescribed measures known as Senate File 35 benchmarks (see Appendix E for WBC's latest reporting of these benchmarks) in WBC's 1998 enabling legislation. They focus on operational measures, state-level economic and quality-of-life indicators, and private contributions to WBC. WBC presents these measures in its annual report.

Fragmentation of state-level economic development efforts continues

WBC does not encompass all state-level development functions.

Although a primary reason for creating WBC was to combine several state-level economic development functions into one entity, we learned that structural fragmentation continues. The Legislature has established other economic development responsibilities outside of WBC, such as the Infrastructure Authority and the Main Street Program, along with the existing Pipeline Authority and Telecommunications Council. Further, the Governor brought the main functions of WBC's Minerals, Energy and Transportation Division into his state planning office; 2005 legislation also moved the Air Service Enhancement responsibility into the Department of Transportation (Aeronautics Commission).

But it does coordinate and network with other state-level organizations.

WBC's response to these changes has been philosophical. Board members see this as the natural evolution of governmental efforts to find the most appropriate place from which to administer a program. They believe this recurring fragmentation will not have a detrimental effect on WBC for two basic reasons: WBC has the organizational flexibility to adjust rapidly to such changes, and the WBC is better prepared and willing to network and coordinate relevant economic development efforts outside its direct control. However, board members reason that some proposed changes could be counterproductive, such as efforts to separate and elevate the Travel and Tourism Division to full agency status.

WBC can make adjustments to improve operations, accountability, and reporting

This report covers several topic areas where we believe WBC, with its organizational flexibility, can make improvements in its operations. Chapter 2 examines WBC's quasi-governmental status and whether that status may have benefited economic development efforts. Chapter 3 focuses on WBC's obligation to prepare a comprehensive strategy to guide the state's economic development efforts, and how it fulfills that requirement. Chapter 4 assesses how WBC carries out its duty to report measures of its own performance. Finally, Chapter 5 reviews the relatively new and well-funded Business Ready Communities program, and suggests improvements for administering it.

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